AN EMPIRICAL ANALYSIS OF MULTIMEDIA RIGHTS AMONG DIVISION I FBS INSTITUTIONS

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ABSTRACT

Jacob Spreyer: An empirical analysis of multimedia rights among Division I FBS institutions
(Under the direction of Jonathan Jensen)

The purpose of this thesis is to assist intercollegiate athletic departments in making data driven decisions when seeking to renegotiate or entering into new multimedia rights agreements. Of the 106 Division I public FBS institutions, 54 multimedia rights contracts were collected and analyzed for the 2015-2016 season. A stepwise linear regression was employed to develop a predictive empirical model, in order to predict contract values for each institution. The predictive model confirmed previous research, in that, both the performance and demand variables utilized were able to accurately predict a university's guaranteed rights fee from their multimedia contract.

Mom and Dad, thank you for always allowing me to pursue my dreams. Without you none of this would be possible

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CHAPTER I

INTRODUCTION

Today's sport fans have more ways to consume televised broadcasts of their favorite team or event than any other time in history. In addition to live television, which has been around since 1939 when the first college football game was broadcasted, fans now have the ability to view them on their computers, tablets, or smart phones (Galily, 2014: Voort, 2014). The technological advancements in television viewership has helped to drive the increase in broadcast rights fees paid by networks to televise college sports, to the staggering levels we see today. In 1985, the NCAA and CBS inked a three-year deal worth $94.7 million, which included the rights to broadcast all intercollegiate athletic events (Jensen, Wakefield, Cobbs, & Turner, 2016). Twenty-five years later, during the 2010 season, the same two companies signed a 14-year agreement, giving CBS the rights to only the NCAA Basketball tournament, worth $10.8 billion. And just last year, the two extended the current 14-year deal by eight years and $8.8 billion dollars (Sherman, 2016). During that same five-year period the NCAA signed deals with CBS for the broadcasting rights to the College Football Playoff. The 12-year deal was signed in 2012, and pays the NCAA an estimated $470 million annually, or $5.64 billion over the course of the agreement (Hinnen, 2012). Between those two agreements alone, the NCAA is now earning over $1 billion annually in broadcast rights fees (Sherman, 2016).

The television broadcast system, as it pertains to intercollegiate athletics as we know it today, was vastly different just twenty-five years ago. Beginning in 1953, the NCAA began to regulate the number of college football games that could be televised. It was their belief that if too many games were televised it would lead to a decrease in fan attendance (Greenhouse, 1984). However, on June 27th, 1984 the U.S. Supreme Court issued their ruling in the NCAA v. Board of Regents of the University of Oklahoma and the University of Georgia Athletic Association, which was a direct challenge to the NCAA's broadcast regulations of football telecasts (NCAA v. Board of Regents of Oklahoma, 1984). The decision made that day, stating the 1983-1985 NCAA Television plan violated the Sherman Antitrust Act, returned the property rights of football telecasts to individual schools, who could now sell their own broadcast rights as opposed to the NCAA selling them for the entire association (Bennett & Fizel, 1995). With the regulations lifted, schools began to look for new way to monetize their broadcast rights. Conferences began to take control of selling "Tier 1", "Tier II", and "Tier III" broadcast rights on behalf of their member institutions. "Tier I" and "Tier II" rights consist of a conferences most valuable football and men's basketball games, which are sold to national networks such as CBS, ABC, or Fox. The "Tier III" rights are lower level non-conference football and men's basketball games, as well as all non-revenue generating sports (Smith, 2012). Depending on which conference a university is affiliated with, they may have no rights to any football or men's basketball games, and in the case of the ACC, institutions do not even have first choice for non-revenue generating sports (Smith, 2012). With conferences handling the sale of television broadcast rights, universities began entering into agreements with third party rights holders who sell multimedia rights to sponsors on their behalf. This includes selling assets such as radio or television coaches' shows, athletic facility signage, athletic webpage advertisements, poster or schedule cards, and in some cases, may include selling the naming rights for a stadium or arena (Zullo, 2013; Kish, 2017). The relationship between the university and the rights holder is mutually beneficial, with both parties seeking financial gain from the partnership, and has created a massive market for sponsors looking to partner with a university. These multimedia rights agreements are fast becoming a vital part of any athletic department, making a large chunk of their annual revenue.

The purpose of this thesis is to assist intercollegiate athletic departments in predicting the guaranteed revenue they should be receiving when they enter into multimedia rights agreements. Starting in the 1980's, Division I FBS universities began to look for corporate sponsors to help bring in much needed revenue, and by 1993 more than 90% of NCAA Division I and Division II universities had a corporate sponsorship program within their athletic department (Irwin, 1993). As intercollegiate athletics evolved so too did the corporate sponsorship programs. Specialized companies such as Host Communications (now International Management Group College Division) and International Sport Properties (also IMG College) began to offer universities the opportunity to outsource their corporate sponsorship programs and in exchange, the third-party company sells the university's "rights" and pay the university a yearly financial guarantee (Zullo, 2013). Historically, colleges have had few options to choose from when looking to sell their multimedia rights. Originally, the only company in this market was Host Communication, but following mergers and market growth they now have IMG, Learfield Sports, JMI Sports and several others to choose between. This limited the competition for multimedia rights, suppressed the contract sizes below what some believed they were worth. However, as television began to drive up broadcast rights fees, the value of an athletic department's multimedia rights contracts rose as well. Nowadays, a large "Power 5" school can see deals in the realm of the one JMI Sports inked with the University of Kentucky, which was 15 years and $210 million (Rovell, 2014). Schools are looking to increase their revenues to match the increase in expenses, and they are beginning to realize the worth of their multimedia rights.

While all information points to universities seeing large increase in the monetary value of their multimedia rights contracts, there has been minimal research done to study why such increases are happening. Cornwell, Pruitt and Clark (2005) stated that “this dearth is due in large part to the proprietary nature of costs incurred by sponsoring firms” (2005). Thus, this study delineates the factors that impact the revenue gained by universities as it pertains to collegiate multimedia rights contracts. In order to do this, a multiple regression analysis is employed to develop a predictive empirical model, to determine whether universities have been underpaid or overpaid for their multimedia rights (Jensen et al, 2015). The process is similar to the methods used in a previous study analyzing the athletic apparel industry (Jensen et al, 2015).

Collegiate sport sponsorship is highly irregular. Team performance can change drastically from year to year, potentially impacting the financial value of the next sponsorship contract an institution signs. And, with sponsorship spending exceeding $20 billion in North America during 2015, additional research is more important than ever (Jensen et al. 2015). As previously stated, due to the proprietary nature of sponsorship contracts, there has been little empirical research done on the topic. This study seeks to fill the void by analyzing the contracts of 54 Division 1 institutions, making it particularly noteworthy for industry professionals. It will help allow marketing managers and collegiate administrators further insight into how variables affect sponsorship contracts, thus allowing them to create more accurate financial forecasts utilizing hard data.

STATEMENT OF PUPOSE

The purpose of this research is to analyze the multimedia rights contracts entered into by various FBS institutions, and to provide collegiate administrators additional research into the variables that affect the financial size of their multimedia rights contracts. Doing so will allow collegiate administrators to make more informed and educated decisions when reviewing sponsorship offers presented to them.

RESEARCH QUESTIONS

1. What are the financial differences between Football Bowl Subdivisions (FBS) institutions in guaranteed multimedia rights fees based upon the following criteria:
    a. Whether the institution is a member of a "Power 5" conference
    b. Whether the institution is a member of a "Group of 5" conference
2. What are the difference among Football Bowl Subdivisions (FBS) institutions in guaranteed multimedia rights fees based upon the third-party rights holder with whom they partner with?
3. Are there certain aspects of the individual institution that are statistically significant predictors of its guaranteed multimedia rights fees, including:
    a. Student body enrollment
    b. Number of student-athletes
    c. The media market in which the institution resides
4. Are the institutions' guaranteed multimedia rights fees predicted by its historical performance in the following sports:
    a. Football
    b. Men's Basketball

DEFINITION OF TERMS

Agreement – the exclusive Multi-Media rights agreement between the third-party company and a university (July 1, 2012 University of Illinois Multi-Media Contract Agreement) attached as Exhibit A.

Annual Rights Fee – the non-commissionable cash payment that is made by the third-party company to the university. (September 1, 2008 University of Connecticut Multi-Media Rights Agreement) attached as Exhibit B

Broadcast – this includes any live, delayed or repeat broadcast and/or transmission by means of radio or any similar methods (September 1, 2008 Exhibit B).

Copyright – ownership of University content, which can include but is not limited to, radio, television, print and internet, formed as a consequence of an Agreement (July 1, 2012 Exhibit A).

Multi-Media Rights Contract – the exclusive sale and marketing rights to all inventory associated with a University's athletic program, including, print, media, sponsorships, coaches radio shows (both radio and television), existing or new signage, other promotional and sponsorship rights, as well as mutually agreed upon television broadcast rights for football, men's and women's basketball (July 1, 2012 Exhibit A).

Sponsorship – the messages on signage, giveaway items and other promotional opportunities as stipulated by the Multi-Media Rights contract (July 1, 2012 Exhibit A).

Telecast – any live, delayed or repeat telecast and or transmission by means of television transmission or any similar methods (September 1, 2008 Exhibit B).

LIMITATIONS

The major limitation of this thesis was the inability collect contracts from private institutions, relying solely on contracts of public universities, who by law, must release such information when requested. Some of the largest institutions, who would likely have large multimedia rights contracts, such as the University of Southern California, Syracuse University, Notre Dame, Stanford University and Duke University, are inaccessible. Additionally, some large institutions such as the University of Oregon, University of Colorado at Boulder, and Mississippi St, supplied the contracts but redacted the financial data needed for this thesis.

An additional limitation, when trying to compare the means among third party multimedia rights holders, will be the unequal number of contracts. New companies such as JMI have fewer than five contracts, while more established companies such as IMG and Learfield have over 30.

Finally, we only operationalized men's basketball and football, meaning that other sports who could influence demand were not accounted for. One example of this would be the UConn women's basketball team, who is frequently televised and could be a driver of demand.

DELIMITATIONS

This thesis will look at contracts from public institutions, competing at the NCAA D1 FBS level. Private institutions are not required to publicize multimedia rights contracts, however, since schools compete with one another athletically and academically, we can make generalizations about private institutions based upon the collected data.

ASSUMPTIONS

The major assumption for this thesis is that the contracts provided by the universities to Matt Kish, who then made his database publicly available, were complete and accurate. Additionally, it is assumed that the historical data published by the NCAA is complete and accurate.

CHAPTER 2

INTRODUCTION TO LITERATURE REVIEW

To properly assess the demand for college athletics as it relates to multimedia rights, one must look at the historical evolution of football telecasts with a focus on changes that have resulted in increased demand for college athletics. Scully (1985), Greenspan (1998), and Mawson and Bowler III (1989), have analyzed the landscape of collegiate athletics with a specific focus on the environment before and after NCAA v. University of Oklahoma Board of Regents case, specifically look at the effects on attendance, TV ratings, and broadcast rights fees. Within the historical context, it is clear how these indicators, over time, have influenced the demand for multimedia rights contracts.

ORIGIN OF TELEVISION BROADCAST

From the first televised football game in the late 1930's until 1952, when the NCAA began to regulate football telecasts, schools faced no NCAA limitations, and were free to make their own contracts with any network or television station (Greenspan, 1988). Scrutiny toward television broadcasts began in 1948 when there was a study conducted involving east coast institutions who frequently televised their football games. The goal of that study was to determine if there was any correlation between an increase in TV broadcast and a decrease in attendance. What they found was there was neither evidence to deem television broadcasts beneficial or harmful to attendance (Mawson & Bowler III, 1989). Two years later, during the 1950-1951 season, the NCAA formed a three-person "Television Committee" who delivered a report that indicated television was having an adverse effect on attendance, prompting the NCAA to hire the National Opinion Research Center to conduct a study of their own, certain that football broadcasts were a direct threat to gate receipts (Scully, 1989). The study found that in areas which saw no TV competition to live games attendance rose by 10.5%, but in areas facing direct TV competition attendance dropped by 16.2% (Greenspan, 1988). The findings alarmed members of the NCAA, triggering their one game per week limit in 1951, which was ultimately adopted by the entire association in 1952, almost unanimously in fact (Mawson & Bowler III, 1989: Greenspan, 1988). The new set of rules adopted in 1952 drastically changed football broadcasts, limiting it to one televised game per week, for a total of 12 throughout the season. Teams could only appear once per season and needed to obtain NCAA approval if they wished to conduct local broadcasts. Member institutions believed that this system would be to the benefit of football attendance and voiced little displeasure for the next 25 years.

In 1976 the NCAA began to see more organized push back on their television rights plan, for this was the year that the College Football Association (CFA) came into formation. The CFA was comprised of institutions from the Big East, Southeastern Conference, Southwestern Conference, Atlantic Coast Conference, Western Athletic Conference, and a handful of independent football powers such as Notre Dame and Penn State. Notably absent, were the Big Ten and Pac-10, who felt that the CNAA plan benefited all parties involved and had no desire to see it changed. Originally formed to lobby and promote the interests of major football institutions within the NCAA governance structure, the CFA soon realized that the seminal issue facing the prominent football institutions was the NCAA’s restrictive television plan (Greenspan, 1988). The CFA believed that by limiting the number of broadcasts, in addition to controlling the number of appearances a university could make in a given year, that prominent football institutions were leaving money on the table that they could otherwise be collecting (Dunnavant, 2004). Despite dissent from the CFA who as still trying to figure out the proper course of action once the current television agreement with ABC expired in 1981, the NCAA began negotiations for the 1982-1985 seasons. When the negotiations were over the NCAA had signed a four-year deal with ABC and CBS worth $262 million, which more than doubled the television revenue it received in the 1977-1981 contract (Dunnavant, 2004). Still unhappy with the NCAA appearance rules as well as the fact smaller, non-football institutions received a share of the television revenue, the CFA entered into a separate four-year, $180 million agreement with NBC (Dunnavant, 2004). The agreement allowed institutions in the CFA to be televised four times per season, and reduced the number of schools who shared in the revenue to the 61 CFA members (Dunnavant, 2004). Soon after the NCAA issued a statement that any schools who chose to be a part of that deal risked probation or possible expulsion from the NCAA (Greenspan, 1988). This threat by the NCAA resulted in the CFA declining NBC's offer, and prompted the University of Oklahoma and the University of Georgia to file suit on behalf of the CFA, arguing the NCAA's restrictions on TV appearances violated the Sherman Antitrust Act (Mawson & Bowler III, 1989).

The ruling by Judge Burciaga on September 14, 1982 was a blow to the NCAA. Judge Burciaga stated that by having almost complete control over the supply of college football the NCAA was able to artificially inflate prices, place production limitations on their members, and set uniform prices with no regard to the differences in quality of product (Dunnavant, 2004). However, the decision was stayed until an appeals court could review the case, leaving in place the current television rules. During the two years it took the case to get before the court of appeals, college football viewership was at an all-time high. Advertisement costs had risen 137% in an eight-year period to $57,000, and rights fees had jumped to $1.2 million for a national appearance (Dunnavant, 2004). When the ruling came down 2-1, upholding Judge Burciaga's ruling the NCAA sought out Supreme Court Justice White, a former running back at the University of Colorado, to stay the appellate court's decision (Dunnavant, 2004). Justice white agreed to stay the decision as the case made its way before the Supreme Court. While the Supreme Court admitted the NCAA's implementation of the rules was intended to benefit the member institutions by sustaining competitive balance and protecting gate receipts; upon further investigation, they found that by prohibiting member institutions from selling their own broadcast rights they created market restraints, and engaged in price fixing behavior (Scully, 1985: Greenspan, 1989). They ruled against the NCAA, finding they were indeed in violation of Section I of the Sherman Act, thus giving university's the right to sell their own television broadcasts (Scully, 1985).

In the first year following the ruling, money from television was down over 60 percent. The NCAA had received $66 million in 1983 and was set to receive $74.5 million in 1984, but after the ruling, the CFA, Big Ten and Pac-10 were only receiving a combined $23 million in 1984 (Dunnavant, 2004). Along with a loss in network money, advertisements fell from an all-time high in 1983 to a mere $15,000 in 1984. College football spent the next decade trying to get back to the money they had seen in 1983, with the CFA, Big Ten and Pac-10 all feeling the financial impact. Adding insult to injury the CFA was being sued by the Federal Trade Commission (FTC) for violation of anti-trust laws, the very same ones that they had used against the NCAA. In 1991, the CFA thought they had turned a corner, signing deals with ABC and ESPN for $300 million, finally seeing offers similar to the ones in 1983 and hoping this was the result of the free market they fought so hard to get. However, when Notre Dame announced they would be leaving the CFA, signing their own contract with NBC, they were forced to renegotiate and take $45 million less than originally offered. Five years later the CFA finally collapsed when the SEC left, signing a five year, $85 million-dollar contract with CBS, doubling the earnings they had received from the CFA. The CFA fought for more than twenty years to give football powers the right to control their own interests, succeeding in their battle of opening up the markets, and leaving us with what we see today.

ATTENDANCE

Attendance has long been used as the proxy through which researchers have attempted to explain demand. One reason for this is due to the prior research that has shown the three main sources of revenues for college athletic departments are gate receipts, TV revenue, and post season play, in that order (Noll, 1991). Starting in the 1940's and 1950's, collegiate sport leaders began to worry about the impact television could have on gate receipts. Several eastern institutions were televising every football game and began to notice a precipitous drop in attendance, causing the NCAA to take notice. Following several studies, the NCAA voted to begin regulating football television broadcast. Despite almost unanimous support in 1952, there were many questions surrounding the data in the NCAA studies, which is why such extensive research has been conducted on the subject. Pace and Wickham (1985), Kaempfer and Pacey (1986), Fizel and Bennett (1989), and Bennett and Fizel (1995) have conducted thorough research surrounding the effects that television broadcasts have on attendance. Kaempfer and Pacey (1986) were the first to report that television and game attendance are complementary, propounding, that following the NCAA v. University of Oklahoma Board of Regents Supreme Court decision, game attendance would increase due to an increase in exposure. The study analyzed the period between 1975 and 1981, when there was a 40% increase in exposure of football telecasts, discovering that the attendance increased by roughly 2.8% following the 1978-1981 TV Plan. While their study may have found telecasts and attendance to be complementary between 1975 and 1981, they failed to addresses the limitation of postulating these results to a post Supreme Court era. Following the model used by Kaempfer and Pacey (1986), Fizel and Bennett (1989) looked to expand upon their research by utilizing both pre and post Supreme Court ruling data to determine whether attendance and telecasts were complements or substitutes. Fizel and Bennett (1989) had several contradictory findings when compared to those produced by Kaempfer and Pacey (1986), discovering a complementary relationship between past television exposure and current gate attendance. While they acknowledge some of the differences between the two studies could stem from market saturation or differing samples, Fizel and Bennett (1989) believe that Division I institutions are in a poorer position in regards to gate receipts following the Supreme Court decision than they were before.

While using attendance as a metric for demand has been employed for decades, there is still little consensus on how it is directly impacted by television broadcasts. This is partly due to the multitude of variables, both on the field and off the field that impact a fans decision to attend a game. Research in the area of assessing demand, whether for singular sport or for an athletic department as a whole, utilize television ratings, as they are a more modern and potentially more accurate reflection of demand.

TELEVISION RATINGS

Indicative of the expanding role and growing importance television is playing in the sport industry, there has been more research done that analyzes television viewership for football telecasts (Tainsky, 2010: Tainsky & McEvoy, 2012: Tainsky et al, 2012). The first study, Tainsky (2010) looked to fill a research void by using television broadcasts to assess demand as opposed to using attendance data. By utilizing this method, the goal was to determine the demand for National Football League (NFL) games, both in home and visiting team markets. This study is critically important because Tainsky (2010) discovered a symmetry between this study and past studies, noting that if one was to apply the same framework he applied it could be used to extrapolate information about other revenue sources, such as multimedia rights. Through studying television broadcasts per the lenses of multiple game-related variables, it was found that the quality of the team, game times, and the tenure of the team within the market all had positive influences on demand. Tainsky and McEvoy (2012) built upon the original study by focusing on the demand for football in areas which lacked NFL teams. Results indicated that similar variables from Tainsky (2010), such as quality of team and market tenure, were shown to impact demand in markets which lacked NFL teams. Additional variables that similarly showed a correlation between television broadcasts and demand were the proximity of a fan to the team, late-season games, and games involving historically popular teams. The most recent study, Tainsky et al. (2012) used broadcast ratings to look at the uncertainty of outcome hypothesis and determined how that impacted demand. They found that game uncertainty played no role in impacting demand within a team's local markets, but had an impact for outside markets. Fans, not in the local market, were more inclined to watch a game between two evenly matched teams. All three of these studies ought to reflect the growing importance that broadcast rights fees have had on the sport industry.

The importance of television ratings is illustrated further by the increase in sport programming, and the subsequent increase in sponsor interest. Since 2005, the amount of sports programming has increased 160%, while during the same period sponsor spending has doubled to $14.59 billion (Ourand, 2016: Nielsen, 2016). This is due in part to the fact that over 95% of sport programming takes place live, making it the least time-shifted genre on television (Nielsen, 2016). In an era where almost 50% of homes have a DVR, sponsors are beginning to realize the value of live programming, shifting their reliance away from traditional advertisements during commercial breaks, to in game brand integration methods (Nielsen, 2016a: Jensen, 2012: Jensen & Cobbs, 2014). This change will allow sponsors to gain brand recognition both during the live event, and during commercial breaks. One such sponsor to utilize this type of marketing mix is Allstate, who partners with over 80 universities to have their logo hanging in the field goal netting, while also partnering with networks for the more traditional advertisement during commercial breaks. The prior research, combined with the recent data regarding the increase in popularity of live television programming, delineates how the same framework can be used to estimate the value of multimedia rights.

BROADCAST RIGHTS FEES

The literature published by Mawson and Bowler III (1989) regarding the NCAA TV broadcast rights fees prior to the 1984 ruling, when compared to the study done by Jensen, Turner, and McEvoy (2015) about modern broadcast rights fees as related to conference affiliation, clearly illustrates that as demand for college sports increased, so did broadcast rights fees.

Following the Supreme Court decision broadcast rights fees have propagated significantly more revenues for the NCAA, individual conferences and member institutions. The increased deals have resulted in considerably larger payouts to member institutions who have become more reliant on TV money to fund their athletic departments. There are numerous examples of recent broadcast rights contracts that illustrate the increased demand for intercollegiate athletics. In 2011 the ACC expanded the conference, adding the University of Pittsburgh and Syracuse University. The addition of two new members allowed the ACC to renegotiate their 12-year, $1.86 billion contract that paid out $12.9 million annually per institution, to a new 15-year, $3.6 billion contract, that now paid each member $17.1 million annually (Jensen, Turner, & McEvoy, 2015: Smith & Ourand, 2011: Smith & Ourand, 2012:

Hiestand, 2012). That same year the Big 12 who also happened to add two additional schools, West Virginia University and Texas Christian University, entered into a 13-year, $2.6 billion-dollar contract with ESPN and Fox (Smith 2012a, b). In 2016 the Big 12 flirted with another expansion, but ultimately decided against it when ESPN reportedly offered to pay an additional $10 million annually for the remainder of their contract (Bromberg, 2016). The Pac-12 partnered with ESPN and Fox, signing the largest ever broadcast rights contract at the time, worth $3 billion over 12 years, paying out over $250 million each season (Bachman, 2013). That record did not last long, with the Big Ten's new deal signed in 2016. The Big Ten signed a 6 year deal with Fox, ESPN, and CBS that will bring in $440 million annually, resulting in member institutions receiving $32.4 million each year (Ourand, 2016b: Dochterman, 2016).

The increases that we have seen between 1984 and 2016 in broadcast rights fees are one of the biggest indicators of demand that exists in sport. Although the total number of television viewers has actually declined in recent years broadcast rights fees continue to go up. Companies see the value in live sport, but they look carefully at which conferences and which universities will provide them the largest return on investment. It is through the use of broadcast rights fees, attendance, and television ratings that we can begin to see a clear picture about what drives demand for collegiate athletic departments.

THEORETICAL FRAMEWORK

This thesis is guided by the use of economic demand theory, which will help explain how the demand for college athletics, as demonstrated through fan attendance, television ratings, and broadcast rights fees, have impacted the value of individual institutions multimedia rights contracts.

As the demand for sport has increased, economic demand theory has provided the necessary framework to explore which determinants have the greatest impact on consumer decision making. Based upon the consumer theory model, economic demand theory seeks to better explain the relationship between consumer demand for a product or a service and price, by taking into account important economic, demographic and market determinants (Watanabe, Yan & Soebbing, 2015). The demand theory forms what is commonly known as the demand curve, illustrating consumer motivation (the amount they are willing to pay) in relation to the amount of goods or services available. With price and quantity inversely related, we see that as more goods or services become available the price will decrease. In their study of the past research on demand, Borland and MacDonald (2003), discovered five categories that influence consumer behavior: consumer preferences or habits, economic price, quality of viewing, sporting contest and supply capacity. The research to date, utilizing these five categories, has been applied on a limited basis, with the majority of studies using attendance or competitive balance as the demand determinant and applying them within a cross sectional study (Borland & MacDonald, 2003). As schools seek to increase revenue to match rising expenses, they have become ever more reliant upon the guaranteed fees received from their multimedia rights. Knowing this, it is important to further the research in order to understand the impact demand has on the values of an institutions multimedia rights contract.

CHAPTER 3

INSTRUMENTS

The primary research method employed for this study was contract review and descriptive statistical analysis. This is comparable with Wishart et al. (2012) who advised using the actual contracts when attempted to analyze sponsorship costs. Per the review of each multimedia rights contract, the study identified which media rights holder the institution is partnered with, as well as the size of the guaranteed rights fees they receive. Following the contract review, quantitative analysis was used to detect differences in sample means and determine whether the findings were statistically significant. If the results indicated statistical significance, it is necessary to determine if that significance is relevant when applied in a real-world context.

DRAWING THE SAMPLE

Creation of the sample began by generating a list of all public institutions who presently compete at the NCAA Division 1 FBS level. The potential sample of this study was 106 public institutions, out of a total population of 128. The size of this sample is tantamount of Jensen et al. (2015) study forecasting sponsorship costs in the athletic apparel industry. Below is a list of the contracts analyzed for the purpose of this study.

Table 1

Contracts Analyzed

School	*Annual Fee (2015/2016)*	*Rights Holder*	*Conference*
Texas	$12,728,829	IMG	Big 12
Nebraska	$11,250,000	IMG	Big Ten
Georgia	$10,600,000	IMG	SEC
Ohio State	$10,315,000	IMG	Big Ten
UCLA	$10,000,000	IMG	Pac-12
Kentucky	$9,250000	JMI	SEC
Connecticut	$8,608,000	IMG	American
LSU	$8,000,000	IMG	SEC
Michigan	$7,750,000	IMG	Big Ten
Auburn	$7,500,000	Fox Sports Net	SEC
North Carolina	$7,127,769	Learfield	ACC
Wisconsin	$7,075,000	Learfield	Big Ten
Arizona	$6,990,000	IMG	Pac-12
Michigan State	$6,875,000	Fox Sports Net	Big Ten
Oregon	$6,800,000	IMG	Pac-12
Iowa	$6,607,000	Learfield	Big Ten
Washington	$6,500,000	IMG	Pac-12
Kansas	$6,350,000	IMG	Big Ten
Oklahoma State	$6,245,000	Learfield	Big 12
West Virginia	$6,201,000	IMG	Big 12
Tennessee	$6,191,862	IMG	SEC
Florida State	$5,900,000	IMG	ACC
Louisville	$5,650,000	Learfield	ACC
Georgia Tech	$5,450,000	IMG	ACC
Rutgers	$5,150,000	IMG	Big Ten
Minnesota	$5,125,349	Learfield	Big Ten
Virginia	$5,100,000	Outfront Media	ACC
Virginia Tech	$4,950,000	IMG	ACC
New Mexico	$4,768,000	Learfield	Mountain West
North Carolina State	$4,675,000	Learfield	ACC
Kansas State	$4,550,000	Learfield	Big 12
Indiana	$3,855,000	Learfield	Big Ten
Purdue	$3,850,000	Learfield	Big Ten
Texas A&M	$3,713,000	Learfield	SEC
Texas Tech	$3,475,000	Learfield	Big 12
Iowa State	$3,450,000	Learfield	Big 12
Missouri	$3,355,000	Learfield	SEC
UNLV	$3,300,000	IMG	Mountain West

Boise State	$2,935,000	Learfield	Mountain West
Cincinnati	$2,700,000	IMG	American
Clemson	$2,600,000	JMI	ACC
South Florida	$2,276,000	IMG	American
Washington State	$2,250,000	IMG	Pac-12
Memphis	$2,225,000	Learfield	American
Oregon State	$2.050,000	Learfield	Pac-12
San Diego State	$1,823,000	Learfield	Mountain West
Nevada	$1,800,000	IMG	Mountain West
Texas El Paso	$1,650,000	IMG	Conference USA
East Carolina	$1,625,000	IMG	American
Western Kentucky	$1,500,000	IMG	Conference USA
Marshall	$1,400,000	IMG	Conference USA
Texas San Antonio	$1,375,000	Learfield	Conference USA
Southern Mississippi	$1,230,000	IMG	Conference USA
Louisiana Monroe	$1,000,000	Self Sold	Sun Belt
Middle Tennessee State	$900,000	Learfield	Conference USA
Florida Atlantic	$800,000	Nelligan	Conference USA
Idaho	$760,000	Learfield	Sun Belt
Bowling Green	$675,000	Learfield	MAC
Georgia Southern	$675,000	Learfield	Sun Belt
Appalachian State	$640,000	IMG	Sun Belt
Ohio	$625,000	IMG	MAC
Akron	$470,000	IMG	MAC
Northern Illinois	$425,000	IMG	MAC

ACQUIRING THE CONTRACTS

An online database of multimedia rights contracts created by Portland Business Journal writer Matt Kish (Kish, 2017) was utilized. To create the database, public records requests to each of the 106 public institutions. The database consisted of 83 of the 106 possible contracts, however, not all contracts were accessible due to redactions.

CONTRACT REVIEW

After acquiring the contracts, each contract was examined to determine which third-party rights holder was being used. Additionally, guaranteed rights payments were recorded on a year by year basis for the duration of the contract. Conference affiliation was also recorded for each school according to that year's guaranteed rights payment.

STATISTICAL ANALYSIS

Descriptive statistics and mean comparisons were utilized using the collected data. Descriptive statistics such as mean, maximum and minimum were used to illustrate differences within conferences, between "Power 5" and "Group of 5" schools, between various rights holders, and within Division 1 FBS as a whole.

A simple correlation and multiple regression were utilized to probe the influences various independent variables had on the institutions multimedia rights contracts. The independent variables used were based upon prior literature and were reflective of the institutions academic and athletic accomplishments, as well as the market in which they are located. Due to the depth of research relating to the demand for an institutions athletic programs as well as on-field performance of the primary sports (men's basketball and football), many of the independent variables were pulled from previous studies where they were show to be significant. Those variables included in this thesis are average attendance, stadium or arena capacity; and percent capacity of the stadium/arena for both primary sports (Groza, 2010: Kaempfer and Pacey, 1986: Fizel and Bennett, 1989). Additional variables are the number of post season bowl appearances (Groza, 2010), the number of NCAA men's basketball tournament appearances (Groza, 2010) the historical win percentages for both primary sports (Kaempfer and Pacey, 1986), the number of years the institution has sponsored the program (Price and Sen, 2003), as well as the total number of wins for both football and men's basketball (Jensen et al. 2015). The market variables selected are also common among previous literature and are the population surrounding the institution, as defined by the Metropolitan Statistical Area (MSA), the media house-hold income, and the number of TV households within the schools Designed Market Area (Nielsen, 2014).

Lastly, the property variables utilized in this study are, the institutions membership in one of the "Power 5" athletic conference's (Jensen et al. 2015), number of regular students enrolled at an institution, as well as the number of student athletes they have (according to the US Department of Education's Equity in Athletics reports).

CHAPTER 4

DESCRIPTIVE STATISTICS

After conducting an analysis of descriptive statistics, as found in Table I, the results reveal that $224.6 million dollars (M=$4.16 million, SD=$2.99 million) was spent across the 54 multimedia rights agreements during the 2015-2016 school year. The smallest financial payout is $375,000 and belongs to Northern Illinois, while the largest contract $12,358,087 million, belonging to the University of Texas.

The disparity among institutions becomes more evident when analyzing the multimedia rights contracts. Of the $224.6 million dollars spent during the 2015-2016 season, $182.3 million was spent on institutions who compete in one of the "Power 5" conferences, meaning that the 31 "Power 5" institutions in this study receive 81.2% of the multimedia rights money. As seen in Table II, the average "Power 5" institution receives an average payment of $5.879 million dollars with a SD of $2.539 million. The "Group of 5" institutions received a sum of $42.32 million from multimedia rights contracts during the 2015-2016 season, roughly $139 million less than their "Power 5" counterparts. As seen in Table II, the average payout for a "Group of 5" institution is $1.84 million with a SD of $1.72 million.

Table III shows that within the "Power 5" conferences the Big Ten Conference has the highest average payout at $6.58 million (SD = $2.57 million), followed by the SEC (Southeastern Conference), (M= $6.50 million, SD= $3.21 million), the Big 12 (M= $5.88 million, SD=$3.10 million), the ACC (M= $5.37, SD= $889,364), and lastly the Pac-12 (M=$4.29, SD= $2.57). As highlighted in Table IV, institutions in the American Athletic

Conference receive the highest average payouts among the "Group of 5", with an average guarantee of $3.32 million (SD= $2.72 million). Behind the American is the Mountain West (M= $2.78 million, SD= $1.29 million), Conference USA (M= $1.16, SD= $322,348), Sun Belt (M= $750,000, SD= $216,506) and lastly, with the smallest average guarantees, the MAC (M= $476,667, SD= $114,054).

IMG College is largest rights holder, both in terms of number of contracts, 29, and in terms of total spending during the 2015-2016 season, $131.43 million. In terms of total spending, IMG is followed by Learfield (Sum = $82.3 million), JMI (Sum = $11.9 million). It is important to note that JMI is relatively new when it comes to college multimedia rights contracts, and only has two institutions, which is reflected in their low total payout. However, as illustrated in Table V, JMI has a higher average payout than the two larger companies, IMG and Learfield, (M=$5.93 million, SD= $4.7 million). JMI will see an increase in their average payout during the 2016-2017 as well as during the 2017-2018 seasons with addition of Clemson who will make $2.6 million to $7.7 million during the respective seasons. IMG and Learfield are relatively similar in average payouts, with IMG averaging $4.53 million (SD = $3.52 million) and Learfield averaging $3.74 million (SD= $1.87 million). IMG and Learfield, both with over 20 contracts a piece have a far greater range of contract sizes, with IMG controlling both the smallest payout, $375,000, and the largest payout, $12.36 million.

Table II

"Power 5" and "Group of 5" Descriptive Statistics

	N	*Minimum*	*Maximum*	*Sum*	*Mean*	*Std. Deviation*
Power 5	31	$2,000,000	$12,358,087	$182,262,631	$5,879,440	$2,538,518
Group of 5	23	$375,000	$8,138,000	$42,320,000	$1,840,000	$1,716,216

Table III

"Power 5" Descriptive Statistics by Conference

	N	*Minimum*	*Maximum*	*Sum*	*Mean*	*Std. Deviation*
ACC	6	$4,525,000	$7,034,852	$32,209,852	$5,368,309	$889,364
Big Ten	9	$3,650,000	$10,750,000	$59,203,082	$6,578,120	$2,568,471
Big 12	7	$3,275,000	$12,358,087	$41,167,087	$5,881,012	$3,099,329
Pac 12	4	$2,000,000	$6,767,500	$17,167,500	$4,291,875	$2,569,260
SEC	5	$3,315,000	$10,500,000	$32,515,110	$6,503,022	$3,208,038

Table IV

"Group of 5" Descriptive Statistics by Conference

	N	*Minimum*	*Maximum*	*Sum*	*Mean*	*Std. Deviation*
American	5	$1,525,000	$8,138,000	$16,614,000	$3,322,800	$2,721,248
MAC	3	$375,000	$600,000	$1,430,000	$476,667	$114,054
Sun Belt	3	$625,000	$1,000,000	$2,250,000	$750,000	$216,506
Conference USA	7	$700,000	$1,575,000	$8,120,000	$1,160,000	$322,348
Mountain West	5	$1,430,000	$4,668,000	$13,906,000	$2,781,200	$1,287,911

Table V

Multimedia Rights Descriptive Statistics by Company

	N	*Minimum*	*Maximum*	*Sum*	*Mean*	*Std. Deviation*
IMG	29	$375,000	$12,358,087	$131,431,597	$4,532,124	$3,517,445
Learfield	22	$625,000	$7,034,852	$82,301,034	$3,740,956	$1,867,554
JMI/ Nelligan	2	$750,000	$9,100,000	$9,850,000	$4,925,000	$5,904,342

CORRELATION RESULTS

The variables outlined in Table VI were used in an attempt to explain the effect that numerous factors have on the guaranteed rights fee that a university receives from a third-party rights holder. Those variables were separated into four-categories; property-related, football performance, basketball performance, and demand indicators. From there, a Pearson product-moment correlation was applied to all of the variables, with the results being located in Tables VII through XI. It is important to note that of the 21 variables tested, 18 showed a significant positive correlation, with $p < .05$, and eight of the 18 had r values greater than .50.

Research question three asked whether certain aspects of individual institutions are statistically significant predictors of guaranteed multimedia rights fees, based on student body enrollment, number of student-athletes, and the media market in which the institutions resides. As indicated in Table VII, this was the case for two of the three variables: enrollment and number of student-athletes. The correlation between enrollment and rights fees was .476, which was significant at the $p < .01$ level, and the correlation between number of student-athletes and rights fees was .581, which was also significant at the $p < .01$ level.

Research question four sought to determine whether an institution’s guaranteed multimedia rights fee can be predicted by historical performance in football and men’s basketball. To assess historical performance, this study utilized the following indicators, years with a program, total number of wins, career win percentage and the number of post season appearances. Three of the four historical indicators (years with a team, total wins, and bowl appearances) for football showed significant correlation at the $p < .01$ level, and one of the four (total win percentage) showed significant correlation at the $p <.05$ level. Similarly, three of the four historical indicators for basketball showed significant correlation at the $p <.01$ level, total wins, win percentage, and NCAA post season appearances, with the fourth indicator, years with a program, showing significant correlation at the $p < .05$ level.

Table VI

Demand Indicators Descriptive Statistics

	n	*Minimum*	*Maximum*	*Mean*	*SD*
Property					
TVHH	54	43,985	7,368,320	952,236.5	1,160,190.6
MSAPOP	54	15,344	5,710,795	868,049.4	1,192,598.3
MEDIANINCOME	54	13,149	70,638	42,656.1	12,396.8
ENROLL	54	4,842	42,017	21,014.0	7577.2
TOTALATHLETES	54	382	1,162	620.6	171.2
POWER	54	0	1	0.57	0.499
Historical Football Performance					
YEARSFB	54	5	145	105.7	30.4
WINSFB	54	21	915	553.2	190.6
WPCTFB	54	0.405	0.729	0.5	0.1
BOWLAPP	54	0	53	19.8	15.1
Historical Basketball Performance					
YEARSBB	54	27	120	100	21
WINSBB	54	292	2,178	1434	352
WPCTBB	54	0.372	0.764	1	0
NCAAAPPBB	54	1	56	18	13
Historical Indicators of Demand					
PCTCAPBB	54	0.146	1.024	0.67	0.25
AVGATTBB	54	1,072	23,361	9237.67	5473.83
AVGATTFB	54	11,732	110,168	47254.78	26297.12
PCTCAPFB	54	0.354	1.689	0.83	0.24

Table VII

Property-Related Variables

	1	*2*	*3*	*4*	*5*	*6*	*7*
1. RIGHTS FEE	-						
2.TVHH	.135	-					
3. MSAPOP	.158	.219	-				
4. MEDIAN INCOME	.272*	.051	.407**	-			
5. ENROLL	.476**	.143	.105	.276*	-		
6. POWER	.566**	.053	-.034	.274*	.585**	-	
7. TOTAL ATHLETES	.581**	.135	.102	.305*	.626**	.609**	-

*. Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

Table VIII

Historical Football Performance Variables

	1	*2*	*3*	*4*	*5*
1. RIGHTS FEE	-				
2. YEARSFB	.404**	-			
3. WINSFB	.464**	.827**	-		
4. BOWLAPP	.582**	.437**	.744**	-	
5. WPCTFB	.314*	.226	.709**	.704**	-

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

Table IX

Historical Basketball Performance Variables

	1	*2*	*3*	*4*	*5*
1. RIGHTS FEE	-				
2. YEARSBB	.334*	-			
3. WINSBB	.415**	.802**	-		
4. PCTBB	.371**	.399**	.826**	-	
5. NCAAAPPBB	.557**	.404**	.788**	.840**	-

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

Table X

Historical Indicators of Demand

	1	*2*	*3*	*4*	*5*	*6*	*7*
1. RIGHTS FEE	-						
2. PCTCAPBB	.524**	-					
3. AVGATTBB	.559**	.864**	-				
4. AVGATTFB	.637**	.422**	.452**	-			
5. PCTCAPFB	.255	.178	.155	.543**	-		
6. STADCAPFB	.634**	.429**	.469**	.899**	.185	-	
7. STADCAPBB	.499**	.575**	.880**	.460**	.126	.469**	-

*. Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

PREDICTIVE MODELING

Once the performance variables were analyzed using both descriptive statistics and a series of bivariate correlations, a stepwise linear regression was applied. This procedure is similar to the one utilized by Jensen et al. (2015) in their paper on athletic apparel contracts,and was employed to develop a possible set of predictor variables that could be used to project whether or not universities were receiving sufficient compensation via their multimedia guaranteed rights payments. The step wise multiple linear regression reduces the chance of multicollinearity while also maintaining informative capabilities.

Using stadium capacity for football, NCAA basketball post season appearances, and “Power 5” affiliation, a significant regression equation was found ($F(3,50) = 25.93$, $p<.001$), with an $R^2=.609$. Multicollinearity was not observed, and all of the variance inflation factors (VIF) fell below 2. The unstandardized coefficient, as seen in Table XII, illustrate the projected revenue for each institution according to the multimedia rights contract guaranteed rights fee. The coefficients show that for each NCAA Tournament appearance it is worth $56,395 in increased revenue, each additional fan who attends a football game is valued at $47 and membership in a Power 5 conference is worth $2,137,528 in increased revenue to the respective university.

Table XI

Model Summary

	R	*R^2*	*Adjusted R^2*	*Std. Error of the Estimate*
	.780[a]	.609	.585	$1,925,131.946

a. Predictors: (Constant), STADCAPFB, NCAAAPPBB, POWER

Table XII

Coefficients Table

	Unstandardized Coefficients		*Standardized Coefficients*			*Collinearity Statistics*	
	B	*Std. Error*	*Beta*	*t*	*Sig.*	*Tolerance*	*VIF*
(Constant)	-766061.54	724877.54	-	1.057	.296	-	-
NCAAAPPBB	56395.52	23862.91	.246	2.363	.022	.721	1.387
POWER	2137528.13	686069.92	.357	3.116	.003	.596	1.677
STADCAPFB	47.68	13.62	.364	3.500	.001	.723	1.383

CHAPTER 5

IMPLICATIONS

This thesis investigated the relationship of multimedia rights contracts between third party rights holders and intercollegiate athletic departments, yielding several important results that will help collegiate administrator's secure fair multimedia rights contracts.

Analysis into the data revealed financial differences in projected guaranteed multimedia rights payments based upon an institution membership in the "Power 5" or "Group of 5". Being in a "Power 5" conference garnered institutions more money, however, according to the predictive model, four of the five "Power 5" conferences were being underpaid. Institutions in the ACC were underpaid the most, cumulatively receiving $2.5 million less than they should have. Following the ACC is the Pac-12, who was underpaid by $2.18 million, the SEC who was underpaid $1.26 million and the Big-12 who was underpaid $34,990. The only conference, when their institutions totals were added together, resulted in being overpaid was the Big Ten. They were overpaid $4.12 million, with $7.29 million in overpayment attributed to two institutions, Nebraska and Ohio State.

Only one "Group of 5" institution was projected to have a higher payment according to the predictive model, and that is the University of Memphis. However, they are only higher than one "Power 5" school, Washington State, and it was by less than $400,000. There are only three "Group of 5" schools who were predicted to receive more than $3 million, and two of the schools are from the American Athletic Conference (Memphis and UConn), with the third school coming from the Mountain West (San Diego State). Unlike their "Power 5" counterparts, "Group of 5" institutions are overpaid more than they are underpaid, with three of the five conferences being overpaid. Both the Mountain West and American Athletic Conference, who have universities vying for membership into "Power 5" conferences, could be the factor for the overpayment of guaranteed rights fees.

The results also show that while IMG is the largest in the multi-media industry, they are unable to utilize this position for their favor. Application of the predictive model reveals that IMG should be paying around $117 million for 29 contracts. Rather, IMG overpaid by $13.9 million, paying $131 million. This is further illustrated in Table XIII showing that IMG has seven of the top ten overpaid multimedia rights contracts. An example of this is the University of Connecticut, who should be receiving $3 million for the 2015-2016 season, but receives $8.14 million. Connecticut is not alone, IMG pays millions more than predicted to Nebraska, Texas, Georgia, and many others.

Learfield, IMG's chief competitor, who was challenging IMG for market dominance prior to merging, consistently pays less than what the predictive model would suggest. As indicated by the predictive model, the 22 universities Learfield partners with should cost them $95.5 million in annual guaranteed rights payments. However, Learfield only paid $82.3 million, saving more than $13.2 million. Table XIV illustrates the extent to which they have been able to secure well known universities at a fraction of the cost.

JMI, who is brand new in the intercollegiate multimedia rights arena, only has one contract, which they are over paying for by $1 million in the first year of the contract. This number will rise as payments to Kentucky increase, and with the addition of Clemson, whose contract starts in 2016-2017 season.

Table XIII

Top 10 Overpaid

School	*Amount Overpaid*	*Rights Holder*
Connecticut	$5,135,889	IMG
Nebraska	$5,117,508	IMG
Texas	$4,352,094	IMG
Georgia	$4,029,843	IMG
New Mexico	$2,718,007	Learfield
Ohio State	$2,065,086	IMG
Boise State	$1,467,207	Learfield
Kentucky	$1,331,045	JMI
UNLV	$1,083,601	IMG
Rutgers	$839,258	IMG

Table XIV

Top 10 Underpaid

School	*Amount Overpaid*	*Rights Holder*
Missouri	$3,003,224	Learfield
Oregon State	$2,507,835	Learfield
Indiana	$2,364,441	Learfield
Texas A&M	$2,356,811	Learfield
Purdue	$2,280,416	Learfield
Texas Tech	$1,824,725	Learfield
Iowa State	$1,744,696	Learfield
Memphis	$1,438,962	Learfield
San Diego State	$1,470,497	Learfield
Tennessee	$1,470,117	IMG

The predictive model confirmed previous research, in that, both the performance and demand variables utilized were able to accurately predict a university’s guaranteed rights fee from their multimedia contract. It also reaffirms the research done by Jensen and Cobb (2004), Jensen et al. (2015), and Wishart et al. (2012), who showed in their studies, that on-field performance and spectator attendance are both predictors of broadcast rights agreements const. Similarly, to Jensen et al. (2015), the operationalized market-variables were expected to be significant predictors of sponsorship costs, however, further research determined they failed to show a statistically significant amount of variance. By once again illustrating a lack of significance for market-based variables, it can be said with greater confidence, multimedia rights companies can enter into agreements with universities in large media markets at a cost far lower than what the market dictates (Jensen et al, 2015). The predictive model that was applied is especially useful to collegiate administrators and multimedia rights holders alike. Both parties will be able to have a better understanding of value, as it pertains to a universities athletic department, allowing them to engage in more empirically driven negotiations.

While the findings illuminate a growing disparity between the "Power 5" and the "Group of 5", perhaps more importantly, they illustrate the growing value for multimedia rights contracts, despite the fact that these third-party companies cannot sell the institution's "Tier I", "Tier II" or "Tier III" rights. IMG and Learfield have dominated the marketplace, but several new companies have come on the scene as of late and made a dent in their business. Starting with the signing the University of Kentucky for the 2015-2016 season, JMI, Fox Sports, and OUTFRONT Media have signed six "Power 5" institutions Kentucky, Clemson, LSU, Virginia, Auburn and Michigan State, to extremely lucrative, long-term contracts. The University of Kentucky, which left IMG for JMI, signed a 15-year, $210 million contract, with a guaranteed rights payment in 2029-2030 set at $16 million. The Fox Sports deal with Michigan State, which starts in 2016-2017, is very similar, worth over $150 million during the 15-year period, with their guaranteed payment ballooning up to $17.82 million in 2030-2031. Looking ahead to 2016-2017, these three newcomers will each have one school in the Top 10 for financial guarantees, with the remaining seven belonging to IMG. This is surprising for two reasons. First, as the data has shown, IMG is not afraid to overpay in order to secure high profile universities. The fact they are losing institutions to these new companies shows that the market is expanding. Secondly, it should worry Learfield, who has been getting away with consistency underpaying their institutions. They will either have to make a market correction or risk losing some of their biggest clients.

LIMITATIONS

A major limitation of this thesis was all of the relevant data was limited to contracts between multimedia rights companies and public universities. Although public universities are required by law to turn over such data, many universities chose not to do so, or if they did comply with the public records request, redacted all relevant information. The failure to comply, paired with private universities not being subject to the same laws, meant that some major universities, who would likely have lucrative contracts, were left out of the thesis. Such contracts not included that would have impacted the thesis include, Alabama, University of Florida, Duke University, and University of Southern California, to name a few. Further research could collect additional public university contracts to improve the sample size. Should a university choose to redact certain contractual information there are legal steps which could be taken to force them to provide the complete information.

Another limitation this thesis faced was the predictor variables used were based upon previous research with an emphasis on sport sponsorship; and although they explained 60% of the variance, there are some variables not collected which could supply additional information. One such variable missing is the number of times that a university has a team televised, because it is likely that these multimedia rights companies value institutions who have greater television exposure. Future research may try to find a way to track television exposure and include that metric with the data used in this thesis.

Finally, this thesis was limited by both time and analysis method. Looking at only the 2015-2016 season and applying only quantitative date. To improve upon this the use of a multi-year, longitudinal thesis would increase the accuracy of the findings and allowing the results could be extrapolated out further, providing more concrete results that university officials could use in their negotiations. The usage of qualitative analysis, to support the quantitative data, would help to build upon the results of this thesis. Each one of the contracts is written differently, and contain specific rights, so performing an analysis on the contracts themselves to determine commonalities or differences would help to further explain the data.

CONCLUSION

The sale of multimedia rights within the intercollegiate landscape has become a source of much-needed revenue for institutions across the country; and as the landscape continues to shift, with universities spending more and more money in order to succeed, there is a greater need to accurately predict and plan for future financial needs. With television contracts encompassing "Tier I", "Tier II" and "Tier III" rights, these multimedia rights contracts are the last vestige of rights institutions control, making it that much more vital they maximize the potential revenue of those rights. The first of its kind, this thesis explored multimedia rights contracts and the variables which have significant impact on the size of those contracts. They now know, based upon the empirical evidence, that on-field performance (men's basketball post season wins), as well as consumer demand (football stadium capacity), are significant predictive variables for an institutions multimedia guaranteed rights fee. Market variables, once thought to be an important factor for sponsorship value, should not be considered when predicting an institution's guaranteed rights fee due to the lack of significance and low impact on the total variance. The predictive model showed that IMG, while dominating the marketplace, have been forced to consistently over pay to maintain this advantage. Also, the data show that Learfield, IMG's chief competition, has been able to frequently underpay. Meanwhile the newcomer, JMI, is significantly overpaying in order to try and grab a piece of the market. The new information found in this thesis will help empower athletic administrators in future negotiations.

APPENDIX

APPENDIX A

L. "Flagship Station" shall mean the Radio Affiliate cleared in the Hartford, Connecticut market, which is designated by IMG, with approval from the University, as the Flagship Station of the Husky Sports Network.

M. "Game(s)" means any University intercollegiate varsity athletic event for a particular competitive sport.

N. "Game Programs" means the official Programs published pursuant to this Agreement for purchase at University intercollegiate athletic events.

O. "NCAA" means the National Collegiate Athletic Association.

P. "Playbill(s)" means the official Playbills published pursuant to this Agreement for distribution at no charge at University intercollegiate athletic events.

Q. "Productions" means the Radio Productions and Television Productions produced by IMG pursuant to Sections II. and III. of this Agreement.

R. "Radio Productions" means IMG's productions of the University's Games and Coaches' Radio Shows pursuant to Section II. of this Agreement.

S. "Radio Affiliates" means those radio broadcast stations that have been reviewed and approved by IMG as affiliates for broadcasting of the Radio Productions (as defined in Section II.A.).

T. "RFP" means the Request for Proposal for University of Connecticut Division of Athletics Media Property and Sponsorship Rights issued January 25, 2008.

U. "Response" means IMG's response to the RFP submitted April 7, 2008 and IMG's best and final offer submitted July 9, 2008.

V. "Roster Card(s)" shall mean any printed team rosters published pursuant to this Agreement for purchase at University intercollegiate athletic events, provided that, with respect to men's basketball and women's basketball senior nights it shall mean a printed 11" x 17" two-sided poster, unless otherwise mutually agreed upon by the University and IMG.

W. "Standing Material" means pages which shall remain unchanged and shall appear in each Program published in a single season for the applicable University sport.

X. "Telecast" means a live, delayed or repeat telecast and/or transmission by means of any television transmissions or exhibitions, methods and improvements including, without limitation, UHF/VHF, cable systems, satellite or the Internet that is fully compliant with all federal and state laws and regulations.

Y. "Television Affiliates" means those television stations that have been reviewed and approved by IMG as affiliates for broadcasting of the Television Productions (as defined in Section III.A.).

3

NOW, THEREFORE, in accordance with these recitals and in consideration of mutual promises and covenants recited hereafter, the parties agree as follows:

I. Definitions.

Whenever appearing in this Agreement, each of the following terms shall have the meaning ascribed herein:

A. "Annual Rights Fee" means the non-commissionable cash royalty payment by IMG to the University, which is guaranteed in each Contract Year of this Agreement.

B. "Blue Line Stage" means the final proofing stage before a Program has been printed.

C. "Broadcast" means a live, delayed or repeat broadcast and/or transmission by means of radio transmissions, and/or methods and improvements now known or hereafter developed including, without limitation, satellite radio, the Internet, and any future technology developed for audio transmission that is fully compliant with all federal and state laws and regulations.

D. "Change Pages" means those pages for a Program which shall change with each program published for a particular Game.

E. "Coach(es)" means the University's head coach (and assistant coaches) for any particular competitive sport.

F. "Coaches' Radio Shows" means call-in radio shows featuring any of the Coaches in the sports of football, men's basketball, women's basketball, and any other sports mutually agreed upon by the University and IMG.

G. "Coaches' Television Shows" means television shows featuring any of the Coaches in the sports of football, men's basketball, women's basketball, and any other sports mutually agreed upon by the University and IMG.

H. "Conference" means the Big East Conference or any athletic conference in which the University is a member.

I. "Contract Year" shall mean each twelve (12) month period from July 1 through June 30 during the term hereof; provided, however, that the first Contract Year will be deemed to run from the effective date of this Agreement through June 30, 2009.

J. "Covered Activities" shall mean the ancillary rights and privileges granted to IMG pursuant to Section VII. of this Agreement.

K. "Division of Athletics" shall mean that certain organizational division of the University which oversees and administers its intercollegiate athletic programs.

APPENDIX B

APPENDIX A

DEFINITIONS

AGR means adjusted gross revenue.

Agreement means the exclusive licensed Multi-Media Rights agreement between FISP and University, as the same may be amended or modified from time to time.

Athletics Department or DIA means the University of Illinois Division of Intercollegiate Athletics.

Athletic Department Trademarks – Trademarks of the University which are described in Appendix C. The University's Licensing Director may amend the listing of its trademarks in Appendix C in his/her sole discretion and the Licensing Director may give written approval for use of additional University trademarks in specific situations in his/her sole discretion; provided, however, no amendment may eliminate an existing trademark used by an FISP sponsor unless replaced with a substitute trademark.

Athletics Events means all University of Illinois intercollegiate athletics activities held in Athletics Facilities.

Athletics Facilities means all of the University of Illinois' athletic facilities owned or controlled by the University and maintained by DIA. Athletic Facilities do not include the University of Illinois Golf Course in Savoy, Illinois, which is managed by a third-party golf management company.

Big Ten or BTC means the Big Ten Conference, of which the University of Illinois is a member.

Big Ten Media Partners means the Big Ten Network, those broadcast networks that have been selected by the Big Ten Conference, and under contract with the Big Ten, to broadcast and stream its members' varsity athletic contests. At the time of this contract execution those networks include: The Big Ten Network, ABC, CBS, the ESPN networks, and Fox (Big Ten Championship Game). The specific broadcast networks may change during the term of this agreement.

CLC means the Collegiate Licensing Company, which is a division of IMG College, LLC that manages the University of Illinois Urbana-Champaign Trademark Licensing Program.

Copyright means ownership of University of Illinois content, including but not limited to radio, television, print, and Internet, created as a result of this Agreement or the RFP.

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Coaches' Radio Shows means call-in radio shows featuring the head coaches in the sports of football and men's basketball.

DIA Athletics Home Page, www.fightingillini.com means the Athletics Department's official site on the World Wide Web.

Existing Agreements means those agreements between the University and a third party which relate to the sales and marketing efforts which FISP will undertake in connection with its rights under this Agreement and not, for example, agreements between the University and other third parties which relate to intellectual property rights.

Guaranteed Royalty Fee means the non-commissionable cash royalty payment by FISP to University, which is guaranteed for each year of the Agreement, commencing July 1, 2012.

Historical Levels shall mean levels existing for the 2011 – 2012 athletic season.

Illinois means the University of Illinois at Urbana-Champaign.

Illini Sports Radio Network Affiliates means those radio broadcast stations that have been cleared as affiliates for broadcasting of DIA Sports Radio Network Program Inventory.

Licensing Director – The head of the University's Trademark and Licensing Office. The Licensing Director can be reached at (217) 333-2474. The current Licensing Director is Marty Kaufmann.

Multi-Media Rights means the exclusive sales and marketing rights, as hereinafter set forth, not contracted to other parties as of the Effective Date, as further described in Section 2.1 through Section 2.19 inclusive, with only those exceptions as more particularly described in Section 3.4 to all inventory associated with University's athletic programs, including, print, media, sponsorships, existing or new signage not already contracted to other parties, and other promotional and sponsorship rights for football, men's and women's basketball games and other intercollegiate sports, including souvenir game programs and roster cards, at-event impact (such as product displays and sampling, couponing and title and presenting sponsorships), coaches' endorsements as approved by Athletic Director or his designee on a case-by-case basis for FISP signed agreements, rivalry series sponsorships, existing or new promotional rights for home basketball games and all games played at neutral venues where University is designated as the home team and is responsible for game management and to which the sponsorship rights have not already been granted to a third-party, excluding football bowl games, temporary and permanent signage and promotional rights for all University home football games (and games played at neutral venues where University is designated as the home team and is responsible for game management and to which the sponsorship rights have not already been granted to a third-party), radio play-by-play broadcast rights and coaches' radio shows, satellite and television

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coaches' shows, Internet streaming, and mutually agreed to television broadcast rights for football and men's and women's basketball per conditions set forth in Sections 2.6 through 2.8, official athletic website royalties and sponsorships , and other sponsor-related or promotional rights to University's athletic programs as may be subsequently agreed to in writing between the Parties.
NCAA means the National Collegiate Athletic Association, of which the University of Illinois is a member.

OAS means the "Official Athletic Website" of the University of Illinois Division of Intercollegiate Athletics. The domain name for this site is www.fightingillini.com. Currently the OAS is hosted by CBS Sports Interactive, although that hosting partner could change during the term of this agreement and the OAS will still remain www.fightingillini.com, or any other domain name as determined by the University.

Qualitative Message means messages in Ads that contain qualitative or comparative descriptions of products, services, facilities or companies or any other message containing price information or other indications of savings or value (ex. coupons), endorsements or any other inducement to purchase, sell or use products or services (ex. most brochures). Qualitative Messages may also be contained, in whole or in part, in promotional opportunities, giveaway items and other Multi-Media Rights.

Retained Agreements means existing sponsorship agreements that are not included within the rights granted to FISP under this Agreement and will continue to be managed by DIA directly.

Revenue Share Hurdle means the AGR point when DIA is allotted a percentage of all collected AGR received above the established threshold level of AGR.

RFP or Request for Proposal means the "University of Illinois Multi-Media Rights Request for Proposals" issued Thursday, January 12, 2012.

Sponsorships means messages on signage, giveaway items and other promotional opportunities in the RFP that are structured to conform to the rules applicable to a "qualified sponsorship payment" under IRC § 513(i) and Treas. Reg. § 1.513-4. Sponsorships do not contain an arrangement or expectation that the sponsor will receive any substantial return benefit other than the use or acknowledgement of the name and logo (or product lines) of the sponsor's trade or business. Sponsorships may include exclusive sponsorship arrangements, logos and slogans that do not contain qualitative or comparative descriptions of the sponsor's products, services, facilities or company, as well as a list of the sponsor's locations, telephone numbers or Internet address and value-neutral descriptions, including displays or visual depictions, of the sponsor's product line or services and the sponsor's brand or trade names and product or service listings. Sponsorships do not contain any Qualitative or Comparative Messages.

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